

BoD Management Report of P.P.A. S.A.
To the General Assembly for the 7th business financial period
(1/1/2006 – 31/12/2006)

The BoD submits its annual report and the company's financial results according to I.F.R.S. for the year ended on 31/12/2006.

Main Activities

The Company's main activities are the provision of vessels berthing places, the loading / unloading and storage services for goods and vehicles, and the passenger services (for coastal shipping and cruises). Moreover, the Company is responsible for the facilities provision (water supply, electric power supply, telecommunication services, etc.) and the concessions to thirds against payment.

Objectives & Strategy

Main objectives of the company are:

1. Commercial activity development as a result of increased productivity, through the necessary port infrastructure and investment plans.
2. Competitive position reinforcement through upgraded and improved customer service.
3. Passenger demands satisfaction for quick service, punctual information, safety and comfortable stay at passenger terminals
4. Financial position improvement through cost savings and increased productivity
5. Human resources efficient management through continuous training and adoption of new technologies
6. Real estate exploitation in such a way that promotes the wider social interest and the respect to the environment
7. Company's operation with private sector's standards

Main Resources

For achieving the aforementioned objectives, projects of 533 million € are scheduled to be realized through the 2007 – 2011 investment plan, 70% of which concern the full container terminal development aiming at increasing its capacity by 3 times and becoming the most important Mediterranean transshipment hub. Attraction of private funds is vital and that's why the completion of these projects is expected to be realized through concession of use and exploitation. Another 14% of the investment plan concerns real estate exploitation which will be realized by the same method.

For the remaining part, financing of investment plan is guaranteed through:

1. Long term bank loans
2. Financial leasing and
3. Own Capital

As for the human resources requirements, there is under progress the recruitment program process of the necessary technical and administrative personnel in line with the recent legal framework.

2006 Annual Report

Successful actions of PPA Management during 2005, in organizational and operational issues (manning reduction from 9 to 6 persons per shift, pricing policy revision, new car terminal completion, starting works for pier 1 expansion, etc.) as well as the financial reform (cost savings, overtime reductions, wrecks arrangement) were the starting point for a successful path in 2006. Additionally, since the second quarter of 2006, the commercial policy reinforced through the adoption of Administration measures, such as:

- Application of “rendez vous” system
- Pricing policy revision with adoption of scale discounts based on volumes for transshipments
- Collaborations with important clients in both Car and Container terminal
- Cruise services upgrade
- Improvement of passenger provided facilities in the passenger terminal

Based on the above mentioned, the sale volumes as well as the financial results had a remarkable improvement up to October 2006, with the container terminal traffic to be increased by 12,5% and the car terminal traffic by 34%, compared to the respective 2005 period, while the results before taxes were increased by 30%. It is mentioned that the net profits before taxes in the first 9-month period of 2006 were 17.3 million €, while the revenues were increased by 9.45%. If the strike had been avoided the revenues could reach the 162.4 million € and the net profits the 22.2 million €, over passing the annual budget of 162.0 and 21.3 million € respectively.

The last 2-month strike stopped the up to then successful growth and caused significant revenues losses but also harmed the company’s reliability and competitiveness, since customers forwarded their transit cargo to other ports.

As a result profits before taxes presented a marginal increase compared to previous year, mainly due to the container terminal sale losses during the last two months of the year and partly to other activities. In parallel the turnover presents a minor increase of 3%, despite the price – list increased revision by 6% since January 2006 and the 30% increase of car terminal traffic.

Projections for 2007

Strike consequences of 2006 are expected to affect the first half of 2007. Transit cargo that is transferred from Piraeus Container Terminal to other Mediterranean ports needs 4 months to return to Piraeus again. Working peace is considered essential for regaining clients’ reliance. The Management’s main objective and strategic target for 2007, is to proceed with the Container Terminal development plan, achieving by consensus of the involved parties through constructive dialog which is already in progress. Unions should follow the reform of other competitive ports and contribute to the Management objectives for the port planned growth that will be realized through an enormous investment plan.

Main concerns for 2007 are the Container's terminal productivity increase (Piraeus is still 25% less productive compared to other Mediterranean competitive ports), the improvement of provided services and customers satisfaction, the regaining of port reliability after two years with strikes, the restriction of unions leadership exclusively to their union duties, the change of mentality and regulation and the way of operation in general.

Explanatory report for 11a article (3371/2005 law)

- Company's share capital amounts 50.000.000 € and is divided to 25 million registered shares, of a 2 € value each.
- Company's statute does not have special restrictions for share holder rights compared to the respective law principles. By exemption, articles 6 par. 2 and 7 par. 1 of company's statute cite that the minimum participation of Greek State to the equity capital, cannot be less than 51%.
- Main share holder is the Greek State by 74,14% . Besides MORGAN STANLEY & CO INTERNATIONAL LIMITED, by the 1394/16.6.2005 letter to the capital market committee, made known that on 10.6.2005 its participation in terms of voting rights reached from 4.88% the 5.27%, with respective change in the company's share holding. According to its statement, MORGAN STANLEY & CO INTERNATIONAL LIMITED is acting on behalf of its clients.
- The below named entities have the right to appoint members in the BoD of P.P.A. S.A. according to statute article 9 par. 1 as following:
 - Company's employees appoint 2 representatives members. These representatives come from the two biggest unions, one from the employee's side and one from the dock workers side.
 - Piraeus municipality appoints one member.
 - One member is elected by the General Assembly and come from Piraeus working class and professional unions.
- Company has nothing to announce to the share holders related with the paragraph 1 data, article 11a law 3371/2005.

After the above mentioned share holders please:

1. Approve the financial results of 2006
2. Release the BoD and the auditors from any responsibility for the 2006 financial annual results according to the law and statute
3. Appoint the new auditors for the 2007 financial annual results

Piraeus, 15-3-2007

The President

The CEO

Dimitrios Samolis

Nikolaos Anastasopoulos

ID No ≡ 414691

ID No ≡ 625099

CONFIRMATION

The above Directors' report, consisting of 3 pages, is the one we refer to in our Audit report dated 16 March 2007.

Piraeus, 16 March 2007

Certified Accountant

Alexandros Sfarnas
S.O.E.L. member no.: 14841